

BUSINESS

Wells Fargo announces \$2 bn in additional cost cuts

Tarnished banking giant Wells Fargo said Thursday it will cut an additional \$2 billion in costs each year as it aims to restore its reputation following a fake bank accounts scandal.

lion in annual savings previously announced which are expected to take effect by 2018.

million settlement with regulators in September 2016, and has demanded executives responsible repay a large share of their compensation.

Snapchat faces harsh reality check after earnings miss

Snapchat's hopes to become the next big social media platform hit a brutal reality check with the first earnings report from parent company Snap Inc.

to \$18.66 as optimism over its prospects to challenge Facebook faded.

the end of the quarter, a 36 percent increase from a year ago but just five percent higher than at the end of 2016.

the bottomline

CINCINNATI: Macy's Inc. is reporting a first-quarter profit of \$71 million.

The Cincinnati company said it had profit of 23 cents per share. Earnings, adjusted to extinguish debt, were 24 cents per share.

The results missed Wall Street expectations. The average estimate of eight analysts surveyed by Zacks Investment Research was for earnings of 35 cents per share.

The department store operator posted revenue of \$5.34 billion in the period, which also missed Street forecasts. Four analysts surveyed by Zacks expected \$5.47 billion.

Macy's expects full-year earnings in the range of \$2.90 to \$3.15 per share. (AP)

Adjusted net income and adjusted EBITDA both saw growth of 10%

million) and EUR188 million (\$204.5 million), respectively.

The group has seen accelerated revenue momentum in the past year thanks to new acquisitions that are expected to further strengthen growth in 2017, with the company anticipating record earnings for the year. (RTSR)

RENO: Apple announced plans Wednesday for a \$1 billion expansion of its massive data center east of Reno, doubling its investment and roughly tripling its workforce at the technology campus where company officials expect to hire 100 additional workers.

The announcement came as the Reno City Council approved Apple's plans to build a \$4 million shipping and receiving warehouse on a vacant lot in downtown Reno that will make it eligible for millions of dollars in tax breaks.

"We're excited to be increasing our contributions to the local economy with an additional \$1 billion investment to expand our data center and supporting facilities," Apple spokesman John Rosenstock said in an email to The Associated Press.

"As part of our growth, we plan to hire 100 employees and expect construction will support an additional 300 jobs." (AFP)

THE HAGUE, Netherlands: Streaming service Netflix says it will hire 400 staff for its new Amsterdam-based European customer service headquarters and plans to announce at least six new original European projects before the end of 2017.

Netflix said Thursday that the first new series, "Dogs of Berlin," will be written, produced and shot in Germany and will launch in 2018. The second is a French production, "Osmosis," expected to begin production in 2018.

The company says that more than 400 people will work at its new Amsterdam customer service hub by the end of 2018, serving 11 countries in Europe. (AP)

COPENHAGEN, Denmark: Danish shipping and oil group A.P. Moller-Maersk says its first-quarter profit increased by 19.1 percent to \$253 million, partly thanks to an improvement at the energy division.

Revenue of \$8.96 billion was just higher than in the same period a year earlier.

Chief Executive Soeren Skou said the Maersk Oil unit delivered strong earnings but the core shipping business, Maersk Line, dropped to a \$66 million loss in the first quarter, mainly due to an 80 percent increase in bunker prices. (AP)

TOKYO: Japan's Panasonic said on Thursday that annual net profit and revenue slumped because of slowing demand for household solar energy products and the impact of a stronger yen, but predicted a rebound this year.

Net profit fell nearly 10 percent to 149.36 billion yen (\$1.3 billion) on 7.34 trillion yen in revenue, which was off 3.7 percent, in the just-ended fiscal year to March, Panasonic said.

Operating profit, however, jumped 20 percent, mostly due to cost savings from an ongoing restructuring, the firm said. (AFP)

Equities retreat amid 'political' uncertainty; US dollar weakens

NEW YORK, May 11, (Agencies): US and European stocks fell on Thursday, along with the US dollar, while US Treasury yields reversed earlier declines, as political uncertainty in the United States sent investors in search of safer investments like gold and the Japanese yen.

The dollar fell to a session low against the yen and gold gained in US morning trading.

Investors were concerned about developments relating to the firing of FBI Director James Comey late on Tuesday by US President Donald Trump.

The US benchmark S&P 500 stock index was on track for its largest one-day percentage fall in four weeks.

A disappointing profit report by Macy's and ensuing 13 percent slump in its shares took a toll on the US consumer discretionary sector.

The Dow Jones Industrial Average fell 86.16 points, or 0.41 percent, to 20,856.95, the S&P 500 lost 11.82 points, or 0.49 percent, to 2,387.81 and the Nasdaq Composite dropped 32.95 points, or 0.54 percent, to 6,096.19.

A gauge of global stock markets fell 0.35 percent.

Wall Street's losses pushed US Treasury yields lower after touching their highest levels since March ahead of a \$15 billion auction of 30-year bonds.

The pan-European STOXX 600 index fell 0.5 percent, weighed by financials. Asia-Pacific shares outside Japan rose 0.4 percent and Japan's Nikkei rose 0.3 percent on Thursday.

MSCI's emerging markets index continued to shine, boosted by a second day of strong oil price gains, and was headed towards its highest level in two years. The index has gained 15.4 percent year to date, more than doubling the 2017 gains of the S&P.

Brent crude futures rose 1.65 percent, extending Wednesday's 3 percent gains on the back of the biggest one-week drop in US inventories so far this year and the decision by Iraq and Algeria to join Saudi Arabia in supporting an extension to supply cuts by the Oil and Petroleum Exporting Countries.

Bank of England policymakers kept rates unchanged and indicated that interest rates were unlikely to rise until late 2019.

Sterling fell more than half a percent to a one-week low of \$1.2847.

The dollar fell 0.5 percent against the yen, after four days of gains. Gold prices rose 0.5 percent to \$1224 per ounce, while copper touched its highest in a week.

US

US stocks trimmed losses on Thurs-

day, but were still on track for their biggest one-day fall in nearly a month due to declines in retail and bank shares.

Macy's dismal quarterly performance sent its shares tumbling 13 percent, taking a toll on the consumer discretionary sector, which fell 1 percent with all of its components in the red.

The Dow Jones US general retailers index was off 1.2 percent. Investors will get more insight into the US retail sector on Friday when the Commerce Department issues its April retail sales report.

Financials were off 0.87 percent as losses in Wells Fargo and Bank of America weighed.

At 12:34 pm ET (1634 GMT), the Dow Jones Industrial Average was down 43.41 points, or 0.21 percent, at 20,899.7, the S&P 500 was down 8.89 points, or 0.37 percent, at 2,390.74 and the Nasdaq Composite was down 26.06 points, or 0.42 percent, at 6,103.11.

Strong corporate earnings, robust economic data and expectations of fiscal stimulus in the United States have lifted Wall Street to record highs.

All of the 11 major S&P 500 sectors were lower, with energy and consumer staples bringing up the rear.

Shares of Snapchat owner Snap Inc plunged 20 percent after the company reported a slowdown in user growth and revenue in its first earnings report as a public company.

Straight Path fell 20 percent after it agreed to be taken over by Verizon in a \$3.1 billion deal, snubbing a rival offer from AT&T.

Merck was the top stock on the S&P and the Dow, up 1.5 percent after the US FDA cleared its lung cancer combination treatment.

Declining issues outnumbered advances on the NYSE by 1,816 to 1,012. On the Nasdaq, 1,826 issues fell and 912 advanced.

The S&P 500 index showed nine 52-week highs and nine lows, while the Nasdaq recorded 62 highs and 51 lows.

UK

Britain's top-share index steadied at one-month highs on Thursday after five straight sessions of gains as disappointing results and downgrades weighed, as well as a slump in Hikma's shares after a setback to one of its drugs.

The blue chip FTSE 100 index ended flat at 7,386.63 points, having risen for 5 straight sessions, while the mid caps fell 0.4 percent.

Pharma firm Hikma sunk 8.2 percent and hit its lowest level in around 5 months after US regulators decided not to approve its generic copy of GlaxoSmithKline's blockbuster lung drug Advair.

Hikma also said that the likelihood of an approval this year was now low. Shares in Hikma's mid-cap partner Vectura plunged 8.9 percent.

Results also weighed, with BT fall-

ing 4.5 percent after reporting fourth-quarter results.

Energy supplier Centrica was another sizeable faller, down 5.4 percent after J.P. Morgan cut its rating on the stock to "underweight" from "overweight".

Europe

European shares pulled back on Thursday with Spanish blue chips suffering their biggest one-day loss in six months, weighed down by losses among banks, while Italian lender UniCredit shone after solid results.

Traders said equities in the region looked set for a short-term correction after hitting fresh highs this month following the market-friendly outcome of the French presidential vote.

Earnings and the economic outlook, however, remained strong, pointing to solid prospects for stocks in Europe. DZ Bank chief investment strategist Christian Kahler said he expected German blue chips to rise a further 6 percent in the next 12 months, bringing the DAX to new record highs.

The DAX fell 0.3 percent, slightly outperforming broader regional indexes, while Spain's IBEX lagged with a fall of 1.6 percent, its biggest daily loss since Nov 10. The pan-European STOXX 600 index fell 0.5 percent, while euro zone blue chips dropped 0.6 percent.

Greek stocks rose for the 13th day in a row, their longest winning streak in at least 20 years, on growing optimism about a potential deal with lenders.

Banco Popular was the biggest faller in Madrid, down 6.6 percent. Spanish website El Confidencial said the chairman of the lender had hired advisers for an urgent sale of the bank.

Asia

Asian markets rose Thursday with energy firms providing strong support after a surge in oil prices, while the dollar held gains against the yen as a top Federal Reserve official reinforced expectations for further interest rate hikes.

On equities markets Tokyo ended 0.3 percent higher and Hong Kong jumped 0.4 percent, a fourth-straight gain that puts it near two-year highs.

Sydney added 0.1 percent, Seoul gained 1.2 percent to clock up another record high, while Singapore was 0.4 percent higher. Taipei and Manila also put on strong shows.

Wellington surged 0.9 percent after the New Zealand central bank held interest rates and said it would keep them unchanged for some time as inflation was likely to ease - but this sent the country's dollar diving 1.5 percent.

Shanghai rebounded from early losses to close up 0.3 percent but shares remain pressured by worries about a government crackdown on leveraged investment as it looks to instill some stability in the volatile market.

Key figures around 0720 GMT

Tokyo - Nikkei 225: up 0.3 percent at 19,961.55 (close)

Hong Kong - Hang Seng: up 0.4 percent at 25,125.55 (close)

Shanghai - Composite: up 0.3 percent at 3,061.50 (close)

Oil

Oil prices rose on Thursday, with benchmark Brent crude trading comfortably above \$50 a barrel after a fall in US inventories and a bigger-than-expected cut in Saudi supplies to Asia helped tightened the market.

But a downturn report from OPEC tempered early gains as the producer group said higher-than-expected production from its competitors would reduce demand for its crude this year.

Brent was 60 cents higher at \$50.82 a barrel by 1255 GMT after hitting an early high of \$51.09. US light crude oil was last up 60 cents at \$47.93.

"We saw the biggest draw in (US) inventories for the year last week with stockpiles down more than 5 million barrels, and it looks like OPEC's production cut is finally biting," said Greg McKenna, chief market strategist at brokerage AxiTrader.

The Organization of the Petroleum Exporting Countries and other producers including Russia have agreed to cut output by almost 1.8 million barrels per day (bpd) during the first half of the year to try to reduce a global fuel glut.

OPEC meets on May 25 to decide on production policy for the second half of 2017, and most analysts expect the group to extend cuts until at least the end of the year.

Gold

Gold rose on Thursday as European and US stock markets retreated, though it pared gains after data showing a tightening jobs market and accelerating inflation lifted the dollar and pulled US bond yields from earlier lows.

The metal is consolidating after sliding to its lowest in eight weeks on Tuesday at \$1,213.81, analysts said.

Spot gold was up 0.2 percent at \$1,221.24 an ounce at 1330 GMT, following eight sessions in which prices have been flat or fallen. Earlier it climbed as high as \$1,224.20.

"It looks like gold is following stocks and the US dollar, but overall I would say it may have found a bottom, at least for the time being," Afshin Nabavi, head of trading at MKS in Switzerland said. "All we need is some good physical demand."

Some physical buying has come through of late, he said, but not as much as would have been expected given the price drop. "Premiums have been rather poor," he said.

US gold futures were 0.2 percent higher at \$1,221.40 an ounce.

Analysts at ScotiaMocatta said the metal would struggle to rise above technical resistance at its 100-day moving average, now at \$1,226. Support for the metal was at \$1,195, they said.

exchange rates - May 11

Table with multiple columns for different currencies: US dollar, Sterling pound, Euro, Japanese yen, Swiss franc, Canadian dollar, Swedish krona, Saudi riyal, UAE dirham, Bahraini dinar, Omani riyal, Danish krone, Indian rupee, Pakistani rupee, Sri Lanka rupee, Bangladesh taka, Philippine peso, Australian dollar, Hong Kong dollar, Singapore dollar, Jordanian dinar, Egyptian pound, Cyprus pound, Yemeni rial, Thai baht, South African rand, Korean won, Syrian pound, Iranian Riyal, Lebanese pound, Malaysian ringgit, Indonesian rupiah, New Zealand dollar, and travellers cheques.